

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF NorthWestern Energy's) REGULATORY DIVISION
Application for Interim and Final Approval of)
Revised Tariff No. QF-1, Qualifying Facility) DOCKET NO. D2016.5.39
Power Purchase)

NOTICE OF ADDITIONAL ISSUES

On May 3, 2016, NorthWestern Corporation, doing business as NorthWestern Energy (NorthWestern or NWE) filed an *Application for Approval of Avoided Cost Tariff Schedule QF-1* (Application) with the Montana Public Service Commission (Commission). On May 13, 2016, the Commission issued a *Notice of Application and Intervention Deadline* setting June 10, 2016, as the deadline for intervention. On June 17, 2016, the Commission issued a *Notice of Staff Action Granting Intervention* to New Colony Wind, LLC, Vote Solar and the Montana Environmental Information Center, FLS Energy Inc., Cypress Creek Renewables, LLC, and the Montana Consumer Counsel. On September 2, 2016, the Commission issued Procedural Order 7500a establishing October 26, 2016, as the deadline for the Commission to identify additional issues. After reviewing the prefiled testimony submitted by parties to this proceeding, the Commission hereby identifies the following additional issues:

1. Maximum contract length. Currently, NorthWestern's Schedule QF-1 provides for contracts up to 25 years.
 - a. Does the current 25-year maximum contract length in Schedule QF-1 impose undue forecast risk on customers? If so, why?
 - b. Would a maximum contract length shorter than 25 years be reasonable? If so, what would be a reasonable alternative maximum contract length and why?
 - c. Would it be reasonable to limit the time period in a long-term contract during which fixed rates are paid, with market index-based payments thereafter? If so, why or why not?
 - d. What maximum contract lengths are available in other states?

2. Performance standards. Should Schedule QF-1 contain specific performance standards which, if exceeded or not satisfied, would result in specified rate adjustments? If so, please describe any proposed performance standards, why such standards are reasonable, and what specific rate adjustments would be warranted in the event that a QF exceeds or does not satisfy the standards.

The Commission requests that parties consider these issues and prefile any testimony they wish to offer regarding these issues according to the following schedule:

- (a) November 9, 2016: Final day for additional issues testimony.
- (b) November 18, 2016: Final day for additional issues data requests.
- (c) December 2, 2016: Final day for parties to respond to additional issues data requests.
- (d) December 15, 2016: Final day for additional issues response testimony, if any.
- (e) December 23, 2016: Final day for data requests related to additional issues response testimony, if any.
- (f) January 11, 2017: Final day for parties to respond to data requests related to additional issues response testimony, if any.

BY THE MONTANA PUBLIC SERVICE COMMISSION

BRAD JOHNSON, Chairman
TRAVIS KAVULLA, Vice Chairman
KIRK BUSHMAN, Commissioner
ROGER KOOPMAN, Commissioner
BOB LAKE, Commissioner